

# Senate File 502 - Enrolled

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SENATE FILE 502

AN ACT  
RELATING TO THE REGULATION OF SAVINGS AND LOAN ASSOCIATIONS  
BY THE DIVISION OF BANKING OF THE DEPARTMENT OF COMMERCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 20.4, subsection 12, Code 2007, is amended by striking the subsection.

Sec. 2. Section 524.103, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 37A. "State association" or "state savings and loan association" means a corporation holding a certificate of authority to operate under chapter 534 as either a mutual association or a stock association, as those terms are defined in chapter 534.

Sec. 3. Section 524.211, subsection 1, Code 2007, is amended to read as follows:

1. The superintendent, general counsel, examiners, and other employees assigned to the bank bureau of the banking division are prohibited from obtaining a loan of money or property from a state-chartered bank, a state savings and loan association, or any person or entity affiliated with a state-chartered bank or a state savings and loan association.

Sec. 4. Section 524.214, subsection 1, Code 2007, is amended to read as follows:

1. The superintendent and, upon the approval of the superintendent, any examiner or other employees of the banking division shall have the power to subpoena witnesses, to compel their attendance, to administer an oath, to examine any person under oath and to require the production of any relevant books or papers. Such examination may be conducted on any subject relating to the duties imposed upon, or powers vested in, the superintendent under the provisions of this chapter or any other chapter administered by the superintendent.

Sec. 5. Section 524.215, subsection 4, Code 2007, is amended to read as follows:

4. In any action brought as a shareholders derivative suit against a state bank or other entity regulated by the superintendent.

Sec. 6. Section 524.215, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 6. In an action brought to recover moneys for a loss in connection with an indemnity bond which was a result of embezzlement, misappropriation, or misuse of funds, belonging to an entity regulated by the superintendent, by a director, officer, or employee of the entity.

Sec. 7. Section 524.216, subsection 2, Code 2007, is amended to read as follows:

2. A summary of the assets, liabilities, and capital structure of all state banks and state savings and loan associations as of June 30 of the year for which the report is made.

Sec. 8. Section 524.1409, Code 2007, is amended to read as follows:

524.1409 CONVERSION OF NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION OR STATE SAVINGS AND LOAN ASSOCIATION INTO STATE BANK.

A national bank, or federal savings association, or state savings and loan association, subject to the provisions of this chapter, may convert into a state bank upon authorization by and compliance with the laws of the United States, adoption of a plan of conversion by the affirmative vote of at least a majority of its directors and the holders of two-thirds of each class of its shares at a meeting held upon not less than ten days' notice to all shareholders, and upon approval of the superintendent.

Sec. 9. Section 524.1410, unnumbered paragraph 1, Code 2007, is amended to read as follows:

A national bank, or federal savings association, or state savings and loan association shall make an application to the superintendent for approval of the conversion in a manner

3 4 prescribed by the superintendent and shall deliver to the  
3 5 superintendent, when available:  
3 6 Sec. 10. Section 524.1411, Code 2007, is amended to read  
3 7 as follows:  
3 8 524.1411 ARTICLES OF CONVERSION.  
3 9 The articles of conversion shall be signed by two duly  
3 10 authorized officers of the national bank, ~~or~~ federal savings  
3 11 association, or state savings and loan association and shall  
3 12 contain all of the following:  
3 13 1. The name of the national bank, ~~or~~ federal savings  
3 14 association, or state savings and loan association and the  
3 15 name of the resulting state bank.  
3 16 2. The location and post office address of its principal  
3 17 place of business and of each additional office, and the  
3 18 location and post office address of the principal place of  
3 19 business of the resulting state bank and of each additional  
3 20 office to be maintained by the resulting state bank.  
3 21 3. The votes by which the plan of conversion was adopted  
3 22 and the date and place of each meeting in connection with the  
3 23 adoption.  
3 24 4. The number of directors constituting the board of  
3 25 directors, and the names and addresses of the persons who are  
3 26 to serve as directors until the next annual meeting of  
3 27 shareholders or until successors be elected and qualify.  
3 28 5. The provisions required in the articles of  
3 29 incorporation by section 524.302, subsection 1, paragraphs "c"  
3 30 and "d", and subsection 2, paragraph "b".  
3 31 Sec. 11. Section 524.1412, Code 2007, is amended to read  
3 32 as follows:  
3 33 524.1412 PUBLICATION OF NOTICE.  
3 34 Within thirty days after the application for conversion has  
3 35 been accepted for processing, the national bank, ~~or~~ federal  
4 1 savings association, or state savings and loan association  
4 2 shall publish a notice of the delivery of the articles of  
4 3 conversion to the superintendent in a newspaper of general  
4 4 circulation published in the municipal corporation or  
4 5 unincorporated area in which the national bank, ~~or~~ federal  
4 6 savings association, or state savings and loan association has  
4 7 its principal place of business, or if there is none, a  
4 8 newspaper of general circulation published in the county, or  
4 9 in a county adjoining the county, in which the national bank,  
4 10 ~~or~~ federal savings association, or state savings and loan  
4 11 association has its principal place of business. Proof of  
4 12 publication of the notice shall be delivered to the  
4 13 superintendent within fourteen days. The notice shall set  
4 14 forth all of the following:  
4 15 1. The name of the national bank, ~~or~~ federal savings  
4 16 association, or state savings and loan association and the  
4 17 name of the resulting state bank.  
4 18 2. The location and post office address of its principal  
4 19 place of business.  
4 20 3. A statement that articles of conversion have been  
4 21 delivered to the superintendent.  
4 22 4. The purpose or purposes of the resulting state bank.  
4 23 5. The date of delivery of the articles of conversion to  
4 24 the superintendent.  
4 25 Sec. 12. Section 524.1413, subsection 2, Code 2007, is  
4 26 amended to read as follows:  
4 27 2. Within ninety days after the application has been  
4 28 accepted for processing, the superintendent shall approve or  
4 29 disapprove the application on the basis of the investigation.  
4 30 As a condition of receiving the decision of the superintendent  
4 31 with respect to the application, the national bank, ~~or~~ federal  
4 32 savings association, or state savings and loan association  
4 33 shall reimburse the superintendent for all expenses incurred  
4 34 in connection with the application. The superintendent shall  
4 35 give the national bank, ~~or~~ federal savings association, or  
5 1 state savings and loan association written notice of the  
5 2 decision and, in the event of disapproval, a statement of the  
5 3 reasons for the decision. If the superintendent approves the  
5 4 application, the superintendent shall deliver the articles of  
5 5 conversion, with the superintendent's approval indicated on  
5 6 the articles of conversion, to the secretary of state. The  
5 7 decision of the superintendent shall be subject to judicial  
5 8 review pursuant to chapter 17A. Notwithstanding the terms of  
5 9 the Iowa administrative procedure Act, chapter 17A, a petition  
5 10 for judicial review must be filed within thirty days after the  
5 11 superintendent notifies the national bank, ~~or~~ federal savings  
5 12 association, or state savings and loan association of the  
5 13 superintendent's decision.  
5 14 Sec. 13. Section 524.1415, Code 2007, is amended to read

5 15 as follows:

5 16 524.1415 EFFECT OF FILING OF ARTICLES OF CONVERSION WITH  
5 17 SECRETARY OF STATE.

5 18 1. The conversion is effective upon the filing of the  
5 19 articles of conversion with the secretary of state, or at any  
5 20 later date and time as specified in the articles of  
5 21 conversion. The acknowledgment of filing is conclusive  
5 22 evidence of the performance of all conditions required by this  
5 23 chapter for the conversion of a national bank, ~~or~~ federal savings  
5 24 association, or state savings and loan association into a  
5 25 state bank, except as against the state.

5 26 2. When a conversion becomes effective, the existence of  
5 27 the national bank, ~~or~~ federal savings association, or state  
5 28 savings and loan association shall continue in the resulting  
5 29 state bank which shall have all the property, rights, powers,  
5 30 and duties of the national bank, ~~or~~ federal savings  
5 31 association, or state savings and loan association, except  
5 32 that the resulting state bank shall have only the authority to  
5 33 engage in such business and exercise such powers as it would  
5 34 have, and shall be subject to the same prohibitions and  
5 35 limitations to which it would be subject, upon original  
6 1 incorporation under this chapter. The articles of  
6 2 incorporation of the resulting state bank shall be the  
6 3 provisions stated in the articles of conversion.

6 4 3. ~~No A~~ liability of the national bank, ~~or~~ federal savings  
6 5 association, or state savings and loan association, or of the  
6 6 national bank's, ~~or~~ federal savings association's, or state  
6 7 savings and loan association's shareholders, directors, or  
6 8 officers, is not affected by the conversion. A lien on any  
6 9 property of the national bank, ~~or~~ federal savings association,  
6 10 or state savings and loan association is not impaired by the  
6 11 conversion. A claim existing or action pending by or against  
6 12 the national bank, ~~or~~ federal savings association, or state  
6 13 savings and loan association may be prosecuted to judgment as  
6 14 if the conversion had not taken place, or the resulting state  
6 15 bank may be substituted in its place.

6 16 4. The title to all real estate and other property owned  
6 17 by the converting national bank, ~~or~~ federal savings  
6 18 association, or state savings and loan association is vested  
6 19 in the resulting state bank without reversion or impairment.

6 20 Sec. 14. Section 524.1416, Code 2007, is amended to read  
6 21 as follows:

6 22 524.1416 AUTHORITY FOR CONVERSION OF STATE BANK INTO  
6 23 NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION OR STATE SAVINGS  
6 24 AND LOAN ASSOCIATION.

6 25 1. A state bank may convert into a national bank, ~~or~~  
6 26 federal savings association, or state savings and loan  
6 27 association upon authorization by and compliance with the laws  
6 28 of the United States, and adoption of a plan of conversion by  
6 29 the affirmative vote of at least a majority of its directors  
6 30 and the holders of two-thirds of each class of its shares at a  
6 31 meeting held upon not less than ten days' notice to all  
6 32 shareholders. The authority of a state bank to convert into a  
6 33 national bank or federal savings association shall be subject  
6 34 to the condition that at the time of the transaction, the laws  
6 35 of the United States shall authorize a national bank or  
7 1 federal savings association located in this state, without  
7 2 approval by the comptroller of the currency of the United  
7 3 States or director of the office of thrift supervision, as  
7 4 applicable, to convert into a state bank under limitations and  
7 5 conditions no more restrictive than those contained in this  
7 6 section and section 524.1417 with respect to conversion of a  
7 7 state bank into a national bank or federal savings  
7 8 association.

7 9 2. A state bank which converts into a national bank or  
7 10 federal savings association shall notify the superintendent of  
7 11 the proposed conversion, provide such evidence of the adoption  
7 12 of the plan as the superintendent may request, notify the  
7 13 superintendent of any abandonment or disapproval of the plan,  
7 14 and file with the superintendent and with the secretary of  
7 15 state a certificate of the approval of the conversion by the  
7 16 comptroller of the currency of the United States or director  
7 17 of the office of thrift supervision, as applicable, and the  
7 18 date upon which such conversion is to become effective. A  
7 19 state bank that converts into a national bank or federal  
7 20 savings association shall comply with the provisions of  
7 21 section 524.310, subsection 1.

7 22 3. A state bank that converts into a state savings and  
7 23 loan association shall file with the secretary of state a  
7 24 certificate of the approval of the conversion by the  
7 25 superintendent and the date upon which such conversion is to

7 26 be effective.

7 27 Sec. 15. Section 524.1417, Code 2007, is amended to read  
7 28 as follows:

7 29 524.1417 APPRAISAL RIGHTS OF SHAREHOLDER OF CONVERTING  
7 30 STATE OR NATIONAL BANK OR FEDERAL OR STATE SAVINGS  
7 31 ASSOCIATION.

7 32 1. A shareholder of a state bank that converts into a  
7 33 national bank, ~~or~~ federal savings association, ~~or a state~~  
7 34 savings and loan association who objects to the plan of  
7 35 conversion is entitled to appraisal rights as provided in  
8 1 chapter 490, division XIII.

8 2 2. If a shareholder of a national bank or federal savings  
8 3 association that converts into a state bank objects to the  
8 4 plan of conversion and complies with the requirements of  
8 5 applicable laws of the United States, the resulting state bank  
8 6 is liable for the value of the shareholder's shares as  
8 7 determined in accordance with such laws of the United States.

8 8 3. If a shareholder of a state savings and loan  
8 9 association that converts to a state bank objects to the plan  
8 10 of conversion and complies with the requirements of applicable  
8 11 laws of this state, the resulting bank is liable for the value  
8 12 of the shareholder's shares as determined in accordance with  
8 13 such laws of this state.

8 14 Sec. 16. Section 524.1418, Code 2007, is amended to read  
8 15 as follows:

8 16 524.1418 SUCCESSION TO FIDUCIARY ACCOUNTS AND APPOINTMENTS  
8 17 == APPLICATION FOR APPOINTMENT OF NEW FIDUCIARY.

8 18 The provisions of section 524.1009 apply to a resulting  
8 19 state or national bank, ~~or~~ federal savings association, ~~or~~  
8 20 state savings and loan association after a conversion with the  
8 21 same effect as though the state or national bank, ~~or~~ federal  
8 22 savings association, ~~or state savings and loan association~~  
8 23 were a party to a plan of merger, and the conversion were a  
8 24 merger, within the provisions of that section.

8 25 Sec. 17. Section 524.1805, subsection 5, Code 2007, is  
8 26 amended to read as follows:

8 27 5. For purposes of subsection 1, a bank that resulted from  
8 28 the conversion of a state savings and loan association or  
8 29 federal savings association, as defined in 12 U.S.C. } 1813,  
8 30 is deemed to have been in continuous existence and operation  
8 31 as a bank for the combined periods of continuous existence and  
8 32 operation of the bank and the association from which it was  
8 33 converted.

8 34 Sec. 18. Section 534.102, subsection 7, Code 2007, is  
8 35 amended to read as follows:

9 1 7. "Federal association" means a corporation operating  
9 2 under the federal Home Owners' Loan Act, ~~of 1933~~ 12 U.S.C. }  
9 3 1461 et seq., as amended, as either a mutual association or a  
9 4 stock association.

9 5 Sec. 19. Section 534.102, subsection 13, Code 2007, is  
9 6 amended to read as follows:

9 7 13. "Insured mortgage" is a mortgage covered in part by  
9 8 insurance, ~~which insurance has been formally submitted to and~~  
9 9 ~~approved by the superintendent or by the federal home loan~~  
9 10 ~~bank of the area in which the association is located.~~

9 11 Sec. 20. Section 534.103, subsection 1, Code 2007, is  
9 12 amended to read as follows:

9 13 1. GENERAL CORPORATE POWER. To sue and be sued, complain  
9 14 and defend in any court of law or equity; to purchase,  
9 15 acquire, hold, and convey real and personal estate consistent  
9 16 with its objects and powers; to mortgage, pledge, or lease any  
9 17 real or personal estate owned by the association and to  
9 18 authorize a pledgee to repledge the property; to take property  
9 19 by gift, devise, or bequest; to have a corporate seal, which  
9 20 may be affixed by imprint, facsimile, or otherwise; to appoint  
9 21 officers, agents, and employees as its business requires and  
9 22 allow them suitable compensation; to provide for life, health,  
9 23 and casualty insurance for its officers and employees and to  
9 24 adopt and operate reasonable bonus plans and retirement  
9 25 benefits for the officers and employees to enter into payroll  
9 26 savings plans; to adopt and amend bylaws; to insure its  
9 27 accounts with ~~the savings association insurance fund of the~~  
9 28 federal deposit insurance corporation and qualify as a member  
9 29 of a federal home loan bank; to become a member of, deal with,  
9 30 or make contributions to any organization to the extent that  
9 31 the organization assists in furthering or facilitating the  
9 32 association's purposes or powers and to comply with conditions  
9 33 of membership; to accept savings as provided in this chapter  
9 34 together with other powers otherwise expressly provided for in  
9 35 this chapter, together with implied powers as reasonably  
10 1 necessary for the purpose of carrying out the express powers

10 2 granted in this chapter.  
10 3 Sec. 21. Section 534.103, subsection 4, Code 2007, is  
10 4 amended to read as follows:  
10 5 4. POWER TO BORROW. Except as provided by its articles of  
10 6 incorporation, an association may borrow not more than an  
10 7 aggregate amount equal to its savings liability on the date of  
10 8 borrowing. A subsequent reduction of savings liability shall  
10 9 not affect in any way outstanding obligations for borrowed  
10 10 money. All loans and advances may be secured by property of  
10 11 the association. In addition to the above unsecured or  
10 12 secured borrowing, an association may issue notes, bonds,  
10 13 debentures and other obligations or securities approved by the  
10 14 superintendent, and if authorized by the regulations of the  
10 15 federal ~~home loan bank~~ office of thrift supervision. However,  
10 16 the obligations and securities are subject to the priority of  
10 17 the rights of the owners of the savings and deposits of the  
10 18 association.  
10 19 Sec. 22. Section 534.103, subsection 8, Code 2007, is  
10 20 amended to read as follows:  
10 21 8. LEASING OF PERSONAL PROPERTY. To acquire, upon the  
10 22 specific request of and for the use of a customer, and lease,  
10 23 personal property pursuant to a binding arrangement for the  
10 24 leasing of the property to the customer upon terms requiring  
10 25 payment to the association, during the minimum period of the  
10 26 lease, of rentals which in the aggregate, when added to the  
10 27 estimated tax benefits to the association resulting from the  
10 28 ownership of the leased property plus the estimated residual  
10 29 market value of the leased property at the expiration of the  
10 30 initial term of the lease, will be at least equal to the total  
10 31 expenditures by the association for, and in connection with,  
10 32 the acquisition, ownership, maintenance, and protection of the  
10 33 property. A lease made under authority of this section shall  
10 34 ~~have the prior approval of the superintendent or~~ be made  
10 35 pursuant to personal property lease guidelines approved by the  
11 1 superintendent for use by the lessor association or pursuant  
11 2 to a personal property lease guideline rule of general  
11 3 applicability for use by all associations.  
11 4 Sec. 23. Section 534.105, Code 2007, is amended to read as  
11 5 follows:  
11 6 534.105 DEFAMATION OF INSTITUTIONS == PENALTY.  
11 7 Whoever maliciously or with intent to deceive makes,  
11 8 publishes, utters, repeats, or circulates any false report  
11 9 concerning any ~~building and loan or~~ savings and loan  
11 10 association which imputes or tends to impute, insolvency or  
11 11 unsound financial condition or financial embarrassment, or  
11 12 which may tend to cause or provoke or aid in causing or  
11 13 provoking a general withdrawal of funds from such association,  
11 14 or which may otherwise injure or tend to injure the business  
11 15 or goodwill of such ~~building and loan or~~ savings and loan  
11 16 association, shall be guilty of a serious misdemeanor.  
11 17 Sec. 24. Section 534.108, Code 2007, is amended to read as  
11 18 follows:  
11 19 534.108 FINANCIAL STATEMENT == REPORTS.  
11 20 ~~Every association shall prepare and publish annually in the~~  
11 21 ~~month of January in a newspaper of general circulation in the~~  
11 22 ~~county in which the home office of such association is~~  
11 23 ~~located, and shall deliver to each member upon application~~  
11 24 ~~therefor, a statement of its financial condition in the form~~  
11 25 ~~prescribed or approved by the superintendent.~~  
11 26 Every association shall file with the superintendent all  
11 27 monthly, quarterly, and annual reports required by and filed  
11 28 with the its federal ~~home loan bank board~~ regulator.  
11 29 Sec. 25. Section 534.111, Code 2007, is amended to read as  
11 30 follows:  
11 31 534.111 RIGHTS OF FEDERAL ASSOCIATIONS == RECIPROCITY.  
11 32 Every federal savings and loan association incorporated  
11 33 under the Home Owners' Loan Act ~~of 1933, 12 U.S.C. }~~  
11 34 ~~1461--1468~~ 1461 et seq., as amended, and the holders of share  
11 35 accounts issued by any such association have all the rights,  
12 1 powers, and privileges and are entitled to the same exemptions  
12 2 and immunities, as savings and loan associations organized  
12 3 under the laws of this state and members thereof are entitled.  
12 4 Every association organized under this chapter has all the  
12 5 rights, powers, and privileges not in conflict with the laws  
12 6 of this state, which are conferred upon federal savings and  
12 7 loan associations by the Home Owners' Loan Act ~~of 1933, 12~~  
12 8 ~~U.S.C. }~~ 1464, and conferred by regulations adopted by the  
12 9 federal ~~home loan bank~~ housing finance board and the federal  
12 10 office of thrift supervision.  
12 11 Sec. 26. Section 534.205, subsection 6, Code 2007, is  
12 12 amended to read as follows:

12 13 6. BALLOON PAYMENTS. An association shall mail to the  
12 14 borrower an offer to refinance a balloon payment under a loan  
12 15 at least twenty days before the balloon payment date if at  
12 16 that time no payments under the loan are delinquent. The  
12 17 offer shall be at an interest rate no greater than one percent  
12 18 per annum above the index rate and with monthly payments no  
12 19 greater than those necessary to fully amortize the amount of  
12 20 the balloon payment plus interest over a term which, when  
12 21 added together with the term representing the number of  
12 22 monthly payments made before the most recent notice to  
12 23 refinance, is not less than the original loan term. The  
12 24 association must offer to the borrower a term of at least one  
12 25 year before the next balloon payment. If the balloon payment  
12 26 is due one month after the preceding monthly payment date, the  
12 27 association may require the borrower to make a payment equal  
12 28 to the preceding monthly payment on the balloon payment date  
12 29 if the first payment under the note to refinance the balloon  
12 30 note is one month after the balloon payment date. The  
12 31 association may offer repayment plans to refinance a balloon  
12 32 payment in addition to the plan required by this subsection.  
12 33 For purposes of this subsection, "loan" means the same as  
12 34 defined in section 535.8, subsection 1; "balloon payment"  
12 35 means a payment which is more than three times as big as the  
13 1 mean average of the payments which precede it; and "index  
13 2 rate" means the national average mortgage contract rate for  
13 3 major lenders on the purchase of previously occupied homes  
13 4 which is most recently published in final form by the federal  
13 5 ~~home loan bank~~ housing finance board not more than four months  
13 6 before the date on which the balloon payment is due, or,  
13 7 alternatively, a rate based upon any other independently  
13 8 verifiable index approved by the superintendent.

13 9 Sec. 27. Section 534.213, subsection 1, paragraph m, Code  
13 10 2007, is amended to read as follows:

13 11 m. In addition to other investments authorized in this  
13 12 section, an association may invest and may continue previous  
13 13 investments in capital stock, obligations, or other securities  
13 14 of finance subsidiaries and may exercise powers with respect  
13 15 to finance subsidiaries to the same extent as a federal  
13 16 association is permitted under the Home Owners' Loan Act of  
13 17 ~~1933, 12 U.S.C. } 1464 1461 et seq., as amended, and~~  
13 18 ~~regulations adopted thereunder by the federal home loan bank~~  
13 19 ~~board up to and including January 1, 1985 office of thrift~~  
13 20 ~~supervision.~~ Investments authorized by this paragraph shall  
13 21 not be counted in applying the limitations on investments in  
13 22 service corporations in paragraph "i".

13 23 Sec. 28. Section 534.301, subsection 6, Code 2007, is  
13 24 amended to read as follows:

13 25 6. OPERATING UNDER FEDERAL RULES AS TO DEPOSITS AND  
13 26 INTEREST. A savings and loan association operating under this  
13 27 chapter may operate in a manner similar to federally chartered  
13 28 savings and loan associations regarding the use of the terms  
13 29 "deposit" and "interest" and with such other powers as have  
13 30 been authorized to federally chartered associations under the  
13 31 Homeowners' Loan Act of ~~1933, 12 U.S.C. } 1464 1461 et seq.,~~  
13 32 ~~as amended, and as permitted under the rules and regulations~~  
13 33 ~~of the federal home loan bank system housing finance board and~~  
13 34 ~~the federal office of thrift supervision, to the extent that~~  
13 35 ~~similar rules and regulations have been adopted by the~~  
14 1 superintendent and have been filed with the secretary of  
14 2 state. This subsection does not diminish or restrict the  
14 3 powers otherwise granted to such association by the laws of  
14 4 Iowa.

14 5 The adoption and filing of such rules or regulations by the  
14 6 superintendent shall not diminish or restrict the rights of  
14 7 associations which do not make the above determination.

14 8 Sec. 29. Section 534.302, subsections 2 and 3, Code 2007,  
14 9 are amended by striking the subsections.

14 10 Sec. 30. Section 534.401, Code 2007, is amended to read as  
14 11 follows:

14 12 534.401 ~~DIVISION~~ SUPERINTENDENT OF SAVINGS AND LOAN  
14 13 ASSOCIATIONS.

14 14 1. SUPERINTENDENT OF SAVINGS AND LOAN ASSOCIATIONS. The  
14 15 superintendent of savings and loan associations is the  
14 16 superintendent of banking.

14 17 2. GENERAL SUPERVISORY POWER. The superintendent has  
14 18 general supervision over all supervised organizations.

14 19 The superintendent may appoint examiners and assistants  
14 20 necessary to properly execute the duties of the office.

14 21 ~~Before entering upon their duties, the superintendent and~~  
14 22 ~~each examiner appointed by the superintendent shall take an~~  
14 23 ~~oath of office and shall each give bond to the state, signed~~

~~14 24 by a responsible surety company, in the penal sum of two~~  
~~14 25 thousand dollars, conditioned upon faithful and impartial~~  
~~14 26 discharge of the person's duty and on proper accounting for~~  
~~14 27 all funds and other valuables which may come into the person's~~  
~~14 28 hands. The bonds shall be approved by and filed with the~~  
~~14 29 auditor of state, together with oaths of office of the~~  
~~14 30 officers.~~

14 31 The superintendent may adopt further rules deemed necessary  
14 32 to enable savings and loan associations to properly carry on  
14 33 the activities authorized under this chapter.

14 34 3. DUTIES. The superintendent shall, at least once ~~each~~  
~~14 35 year every two years~~, cause examination and audit to be made  
15 1 of the affairs of every association subject to this chapter.  
15 2 If an association is insured under ~~Title IV of the National~~  
~~15 3 Housing Act, 12 U.S.C. ch. 13 the federal deposit insurance~~  
~~15 4 corporation's deposit insurance fund~~, the superintendent may,  
15 5 in lieu of examination and audit, accept an examination or  
15 6 audit made by the federal office of thrift supervision. ~~An~~  
~~15 7 association may, in lieu of examination and audit by the~~  
~~15 8 superintendent, at the option of the superintendent be audited~~  
~~15 9 by a certified public accountant, or by a public accountant~~  
~~15 10 qualified and licensed to practice accountancy under the Code~~  
~~15 11 of Iowa. At least two copies of each examination or audit~~  
~~15 12 report, signed and verified by the accountant making it, shall~~  
~~15 13 promptly be filed with the superintendent. When, in the~~  
15 14 judgment of the superintendent, the condition of an  
15 15 association renders it necessary or expedient to make an extra  
15 16 examination or audit or to devote extraordinary attention to  
15 17 its affairs, the superintendent shall cause such work to be  
15 18 done. A copy of every examination or audit report shall be  
15 19 furnished to the association examined, exclusive of  
15 20 confidential comments made by the examiner, and a copy of  
15 21 every report and comments and any other information pertaining  
15 22 to an association may be furnished to the federal ~~home loan~~  
~~15 23 bank housing finance~~ board, federal home loan bank, and  
15 24 federal office of thrift supervision. A copy of an  
15 25 examination or audit report shall be presented to the board of  
15 26 directors at its next regular or special meeting, their action  
15 27 on it shall be recorded in the minutes, and two certified  
15 28 copies of the minutes shall be transmitted to the  
15 29 superintendent.

15 30 4. ~~SUPERINTENDENT'S ANNUAL REPORT. The superintendent, as~~  
~~15 31 of December 31 of each year, shall prepare and publish a~~  
~~15 32 report showing in general terms the condition of all savings~~  
~~15 33 and loan associations doing business in this state, and~~  
~~15 34 containing other general information as in the~~  
~~15 35 superintendent's judgment seems desirable. The reports shall~~  
~~16 1 also list the names of all examiners and other assistants~~  
~~16 2 appointed by the superintendent, together with their~~  
~~16 3 respective salaries and expenses, shall list all receipts from~~  
~~16 4 savings and loan associations, and shall show all expenditures~~  
~~16 5 made on account of the supervision and examination of the~~  
~~16 6 associations.~~

16 7 Sec. 31. Section 534.403, Code 2007, is amended to read as  
16 8 follows:

16 9 534.403 EXAMINATIONS.

16 10 1. SUPERINTENDENT'S AUTHORITY == EXAMINATIONS. The  
16 11 superintendent and examiners shall have full access to all  
16 12 books and papers of an association which relate to its  
16 13 business, and to books, records, and papers kept by an  
16 14 officer, director, agent, or employee relating to, or upon  
16 15 which any record of its business is kept, and may summon  
16 16 witnesses and administer oaths or affirmations in the  
16 17 examination of the directors, officers, agents, or employees  
16 18 of an association, or any other person, in relation to its  
16 19 affairs, transactions, and condition, and may require and  
16 20 compel the production of records, books, papers, contracts, or  
16 21 other documents by court order, if not voluntarily produced.

16 22 2. ~~EXPENSES, PER DIEM, VACATION, AND SICK LEAVE. If the~~  
~~16 23 examination is made under section 534.401, subsection 3, each~~  
~~16 24 examiner shall file with the superintendent an itemized,~~  
~~16 25 certified, and sworn voucher of the examiner's expense for the~~  
~~16 26 time the examiner is actually engaged in an examination. On~~  
~~16 27 the fifteenth and last days of each month each examiner shall~~  
~~16 28 file in triplicate with the superintendent a certified~~  
~~16 29 statement of the actual days engaged in examinations. The~~  
~~16 30 salaries shall be included in a two-week payroll period. Upon~~  
~~16 31 approval of the superintendent, the director of the department~~  
~~16 32 of administrative services is authorized to issue warrants for~~  
~~16 33 payment of the vouchers and salaries, including a prorated~~  
~~16 34 amount for vacation and sick leave. Repayment to the state~~

~~16 35 shall be made as provided by section 534.408, subsection 4.~~  
~~17 1 Savings and loan examiners shall be paid salaries at rates~~  
~~17 2 commensurate with, and shall be reimbursed for meals and~~  
~~17 3 lodging at the same rate and in the same manner as, that which~~  
~~17 4 is received by federal examiners operating under the federal~~  
~~17 5 home loan bank board.~~

17 6 ~~3- 2.~~ RECORD REQUIRED. A record of all examinations,  
17 7 reports, and related information shall be kept in the  
17 8 superintendent's office in accordance with the  
17 9 superintendent's record retention policies, showing in detail  
17 10 as to each association all matters connected with the conduct  
17 11 of its business, its financial standing, and everything  
17 12 touching its solvency, plan of business, and integrity.  
17 13 The examinations, reports, and information shall be kept  
17 14 confidential in the office of the superintendent, and are not  
17 15 subject to publication or disclosure to others except as  
17 16 provided in this chapter. However, the superintendent may  
17 17 furnish any examination, report, or information to the ~~federal~~  
17 18 ~~office of thrift supervision~~ United States department of the  
17 19 ~~treasury, federal deposit insurance corporation, or a~~  
17 20 ~~successor deposit insurance instrumentality, federal home loan~~  
17 21 ~~bank housing finance board, federal home loan bank, national~~  
17 22 ~~credit union administration, or financial institution~~  
17 23 regulatory authorities of any state. Any evidence of  
17 24 felonious acts on the part of the officers, directors, or  
17 25 employees of an association may be referred by the  
17 26 superintendent to proper authorities. Members of  
17 27 associations, other than their officers and directors, are not  
17 28 entitled to inspection of any such records or information, and  
17 29 are not entitled to any information relative to the names of  
17 30 the members of an association, or the amounts invested by  
17 31 them, as disclosed in the superintendent's office, or in the  
17 32 records of an association.

17 33 ~~4- 3.~~ REVOCATION OF AUTHORITY. If an association refuses  
17 34 to submit to examination, the superintendent shall revoke its  
17 35 certificate of authority.

18 1 Sec. 32. Section 534.404, subsection 1, paragraph a,  
18 2 subparagraph (3), Code 2007, is amended to read as follows:

18 3 (3) A federal instrumentality or agency authorized to  
18 4 inspect or examine the books and records of an insured  
18 5 association ~~or of an uninsured member by the federal home loan~~  
18 6 ~~bank.~~

18 7 Sec. 33. Section 534.404, subsection 3, Code 2007, is  
18 8 amended to read as follows:

18 9 3. APPLICABILITY OF SECTION TO FEDERAL ASSOCIATIONS.  
18 10 Insofar as the provisions of this section are not inconsistent  
18 11 with federal law, such provisions shall apply to federal  
18 12 savings and loan associations whose home offices are located  
18 13 in this state, and to the members thereof except that the  
18 14 communication provided for in subsection 2 shall be submitted  
18 15 to the federal ~~home loan bank board, Washington, D.C., office~~  
18 16 ~~of thrift supervision in the case of a federal savings and~~  
18 17 ~~loan association and forwarded only upon that board's the~~  
18 18 federal office of thrift supervision's certificate and  
18 19 direction.

18 20 Sec. 34. Section 534.405, unnumbered paragraph 6, Code  
18 21 2007, is amended to read as follows:

18 22 If the association has the insurance protection provided by  
18 23 ~~Title IV of the National Housing Act, 12 U.S.C. ch. 13 the~~  
18 24 federal deposit insurance corporation's deposit insurance  
18 25 fund, a signed and sealed copy of each order and certificate  
18 26 mentioned in this section shall be promptly sent by the  
18 27 superintendent by registered mail to the federal office of  
18 28 thrift supervision, Washington, D.C. and to the federal  
18 29 deposit insurance corporation. ~~If the association is insured~~  
18 30 ~~by the savings association insurance fund of the federal~~  
18 31 ~~deposit insurance corporation, the resolution trust~~  
18 32 ~~corporation shall be named receiver if the superintendent has~~  
18 33 ~~determined the need for a receivership. The superintendent~~  
18 34 ~~may name the federal deposit insurance corporation as receiver~~  
18 35 ~~if the superintendent has determined the need for a~~  
19 1 receivership in accordance with the provisions of this  
19 2 section.

19 3 Sec. 35. Section 534.406, Code 2007, is amended to read as  
19 4 follows:

19 5 534.406 RECEIVERSHIP.

19 6 If a ~~building and loan or state~~ savings and loan  
19 7 association is conducting its business illegally, or in  
19 8 violation of its articles of incorporation or bylaws, or is  
19 9 practicing deception upon its members or the public, or is  
19 10 pursuing a plan of business that is injurious to the interest



19 11 of its members, or if its affairs are in an unsafe condition,  
19 12 the superintendent shall notify the directors of the  
19 13 association, and, if they fail to put its affairs upon a safe  
19 14 basis, the superintendent shall ~~advise the attorney general,~~  
~~19 15 who shall take the necessary steps to wind up its affairs in~~  
~~19 16 the manner provided by law apply to the district court for the~~  
~~19 17 county in which the savings and loan association is located to~~  
~~19 18 be appointed as receiver for the savings and loan association.~~  
19 19 The district court shall appoint the superintendent as  
19 20 receiver unless the superintendent has tendered the  
19 21 appointment to the federal deposit insurance corporation, in  
19 22 which case the district court shall appoint the federal  
19 23 deposit insurance corporation as receiver. ~~In the proceedings~~  
~~19 24 a receiver may be appointed by the court and the~~ The  
19 25 proceedings shall be the exclusive liquidation or insolvency  
19 26 proceeding and a receiver shall not be appointed in any other  
19 27 proceedings.

19 28 Sec. 36. Section 534.408, Code 2007, is amended by  
19 29 striking the section and inserting in lieu thereof the  
19 30 following:

19 31 534.408 SUPERVISORY FEES.

19 32 1. A state association subject to examination,  
19 33 supervision, and regulation by the superintendent shall pay to  
19 34 the superintendent fees, established by the superintendent,  
19 35 based on the costs and expenses incurred in the discharge of  
20 1 the duties imposed upon the superintendent by this chapter.  
20 2 The fees shall include, but are not limited to, costs and  
20 3 expenses for salaries, expenses and travel for employees,  
20 4 office facilities, supplies, and equipment.

20 5 2. Failure to pay the amount of the fees to the  
20 6 superintendent within ten days after the date of billing shall  
20 7 subject the state association or any affiliate of a state  
20 8 association to an additional charge equal to five percent of  
20 9 the amount of the fees for each day the payment is delinquent.

20 10 Sec. 37. Section 534.507, Code 2007, is amended to read as  
20 11 follows:

20 12 534.507 NAME.

20 13 The name of an association shall contain the words "savings  
20 14 bank" or the words "savings and loan association". An  
20 15 association shall not advertise or hold itself out to the  
20 16 public as a commercial bank, ~~however, a corporate name, logo,~~  
~~20 17 or signage existing on January 1, 1989, depicting the name of~~  
~~20 18 the association may be used for as long as the association~~  
~~20 19 chooses to continue to use the name, logo, or signage existing~~  
~~20 20 on that date. A federal savings association shall not use the~~  
~~20 21 word "state" in its name, trademark, or logo.~~

20 22 Sec. 38. Section 534.509, subsection 8, paragraph a, Code  
20 23 2007, is amended to read as follows:

20 24 a. The superintendent has received a copy of the charter  
20 25 issued to a converting association by the federal ~~home loan~~  
~~20 26 bank board office of thrift supervision~~ or a certificate  
20 27 showing the organization of such association as a federal  
20 28 savings and loan association, certified by the ~~secretary or~~  
~~20 29 assistant secretary of the federal home loan bank board~~  
20 30 ~~federal office of thrift supervision.~~

20 31 Sec. 39. Section 534.511, subsection 5, paragraph d, Code  
20 32 2007, is amended by striking the paragraph.

20 33 Sec. 40. Section 534.511, subsection 8, Code 2007, is  
20 34 amended to read as follows:

20 35 8. CERTIFICATION. The superintendent shall prepare a  
21 1 certificate of merger upon the occurrence of all of the events  
21 2 stated in subsections 3, 4, 5, 6, and 7. This certificate  
21 3 shall include the name of the surviving association, federal  
21 4 association, or bank and the effective date of the merger.  
21 5 The original certificate shall be filed with the secretary of  
21 6 state. The superintendent shall provide a certified copy of  
21 7 the certificate to any person upon payment of a ~~five dollar~~  
21 8 ~~fee established by the superintendent.~~ A certified copy of  
21 9 this certificate is sufficient proof of the merger for  
21 10 purposes of establishing liability for debts or the ownership  
21 11 of assets as provided in section 534.512, subsections 1 and 2.  
21 12 An association involved in a merger may transfer assets or  
21 13 receive assets under the plan of merger only after the  
21 14 certificate of merger has been issued by the superintendent.

21 15 Sec. 41. Section 534.513, subsection 1, Code 2007, is  
21 16 amended to read as follows:

21 17 1. VOLUNTARY LIQUIDATION. ~~Building and loan or savings~~  
~~21 18 and loan State~~ associations, by a vote of three-fourths of the  
21 19 members of such association represented in person or by proxy,  
21 20 may go into voluntary liquidation upon such plan as shall be  
21 21 determined upon by the members at their meeting.

21 22 Sec. 42. Section 534.513, subsection 4, Code 2007, is  
21 23 amended to read as follows:  
21 24 4. TRANSFER OF MORTGAGES == MATURITY. In case any such  
21 25 association resolves to go into voluntary liquidation, it  
21 26 shall have power after crediting the mortgages given by the  
21 27 borrowing member with the full book value of the stock, to  
21 28 sell and assign such mortgages to a similar ~~building and loan~~  
21 29 association, or to any other parties who will hold the same  
21 30 upon the terms under which such mortgage was given to the  
21 31 association. In that event the said mortgage shall be held to  
21 32 become due, if no other time can be agreed upon between the  
21 33 mortgagor and the association, within three years after the  
21 34 assignment thereof.  
21 35 Sec. 43. Section 534.606, Code 2007, is amended to read as  
22 1 follows:  
22 2 534.606 CRIMINAL OFFENSES.  
22 3 If any officer, director, or agent of any ~~building and loan~~  
22 4 ~~or~~ savings and loan association shall knowingly and willfully  
22 5 swear falsely to any statement in regard to any matter in this  
22 6 chapter required to be made under oath, the person shall be  
22 7 guilty of perjury. If any director of any such association  
22 8 shall vote to declare a dividend greater than has been earned;  
22 9 or if any officer or director or any agent or employee of any  
22 10 such association shall issue, utter, or offer to utter, any  
22 11 warrant, check, order, or promise to pay of such association,  
22 12 or shall sign, transfer, cancel, or surrender any note, bond,  
22 13 draft, mortgage, or other evidence of indebtedness belonging  
22 14 to such association, or shall demand, collect, or receive any  
22 15 money from any member or other person in the name of such  
22 16 association without being authorized to do so by the board of  
22 17 directors in pursuance of its lawful power, the person shall  
22 18 be guilty of a fraudulent practice; or if any such officer,  
22 19 director, agent, or employee shall embezzle or convert to the  
22 20 person's own use, or shall use or pledge for the person's own  
22 21 benefit or purpose, any moneys, securities, credits, or other  
22 22 property belonging to the association, the person shall be  
22 23 guilty of theft; or if the person shall knowingly do or  
22 24 attempt to do business for such association that has not  
22 25 procured and does not hold the certificate of authority  
22 26 therefor as in this chapter provided, the person shall be  
22 27 guilty of a serious misdemeanor; or if the person shall  
22 28 knowingly make or cause to be made any false entries in the  
22 29 books of the association, or shall, with the intent to deceive  
22 30 any person making an examination in this chapter required to  
22 31 be made, exhibit to the person making the examination any  
22 32 false entry, paper, or statement, the person shall be guilty  
22 33 of a fraudulent practice; or if the person shall knowingly do  
22 34 or solicit business for any ~~building and loan or~~ savings and  
22 35 loan association which has not procured the required  
23 1 certificate therefor, the person shall be guilty of a serious  
23 2 misdemeanor.  
23 3 Sec. 44. Section 546.2, subsection 3, paragraph c, Code  
23 4 2007, is amended by striking the paragraph.  
23 5 Sec. 45. Section 546.3, subsection 1, Code 2007, is  
23 6 amended to read as follows:  
23 7 1. The banking division shall regulate and supervise banks  
23 8 under chapter 524, debt management licensees under chapter  
23 9 533A, money services under chapter 533C, delayed deposit  
23 10 services under chapter 533D, savings and loan associations  
23 11 under chapter 534, mortgage bankers and brokers under chapter  
23 12 535B, regulated loan companies under chapter 536, and  
23 13 industrial loan companies under chapter 536A, and shall  
23 14 perform other duties assigned to the division by law. The  
23 15 division is headed by the superintendent of banking who is  
23 16 appointed pursuant to section 524.201. The state banking  
23 17 council shall render advice within the division when requested  
23 18 by the superintendent.  
23 19 Sec. 46. Section 534.109, Code 2007, is repealed.  
23 20 Sec. 47. Section 534.113, Code 2007, is repealed.  
23 21 Sec. 48. Section 534.515, Code 2007, is repealed.  
23 22 Sec. 49. Section 534.519, Code 2007, is repealed.  
23 23 Sec. 50. Section 546.5, Code 2007, is repealed.

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JOHN P. KIBBIE  
President of the Senate

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PATRICK J. MURPHY

Speaker of the House

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I hereby certify that this bill originated in the Senate and  
is known as Senate File 502, Eighty-second General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved \_\_\_\_\_, 2007

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CHESTER J. CULVER  
Governor